SENATE RECORD VOTE ANALYSIS

105th Congress — April 2, 1998, 11:43 am
2nd Session — **Vote No. 67** — Page S-3037 Temp. Record

BUDGET RESOLUTION/Mining Tax Increase, More Education Spending

SUBJECT: **Senate Concurrent Budget Resolution for fiscal years 1999-2003 . . . S.Con. Res. 86. Craig motion to table the Bumpers amendment No. 2228.**

ACTION: MOTION TO TABLE AGREED TO, 55-44

SYNOPSIS: As reported, S. Con. Res. 86, the Senate Concurrent Budget Resolution for fiscal years 1999-2003, will balance the unified budget in 1998 and will run surpluses for each of the next 5 fiscal years. Both Federal spending and Federal revenues will increase 3.5 percent from fiscal year (FY) 1998 to FY 1999. All surpluses will be reserved for Social Security reform. A reserve fund will be established to allow the entire Federal share of revenues resulting from a potential tobacco settlement to be dedicated to bolstering Medicare's solvency.

The Bumpers amendment would adjust the functional totals in the resolution to increase taxes and increase mandatory spending by $312 million. The stated purpose of the amendment would be to raise taxes on hardrock mines operating on Federal lands by eliminating the percentage depletion allowance, and to spend the new taxes on the Individuals with Disabilities Education Act (IDEA). Most United States mines are currently operating at a loss. According to the General Accounting Office, the hardrock mining industry pays 35 percent of its income in taxes. In contrast, the automobile industry pays an average of 23 percent and the chemical industry pays an average of 19 percent. Eliminating the depletion allowance for mines on Federal lands would raise that average to 42 percent for those mines. After years of declining IDEA payments under Democrat-controlled Congresses, Federal IDEA funding has been increased under Republican-controlled Congresses. This budget resolution will increase the amount spent on IDEA by $2.5 billion, and will do so by reducing other spending instead of increasing taxes or spending the surplus.

Debate on a first-degree amendment to a budget resolution is limited to 2 hours. Debate was further limited by unanimous consent. After debate, Senator Craig moved to table the Bumpers amendment. Generally, those favoring the motion to table opposed the amendment; those opposing the motion to table favored the amendment.

(See other side)

YEAS (55)			NAYS (44)			NOT VOTING (1)	
Republicans (44 or 81%)		**Democrats (11 or 24%)**	**Republicans (10 or 19%)**	**Democrats (34 or 76%)**		**Republicans (1)**	**Democrats (0)**
Abraham	Hutchison	Baucus	Chafee	Akaka	Kohl	Helms-[2AY]	
Allard	Inhofe	Bingaman	Coats	Biden	Landrieu		
Ashcroft	Kempthorne	Breaux	Collins	Boxer	Lautenberg		
Bennett	Kyl	Bryan	Faircloth	Bumpers	Leahy		
Bond	Lott	Byrd	Frist	Dodd	Levin		
Brownback	Mack	Cleland	Gregg	Durbin	Lieberman		
Burns	McCain	Conrad	Jeffords	Feingold	Mikulski		
Campbell	McConnell	Daschle	Lugar	Feinstein	Moseley-Braun		
Cochran	Murkowski	Dorgan	Snowe	Ford	Moynihan		
Coverdell	Nickles	Johnson	Specter	Glenn	Murray		
Craig	Roberts	Reid		Graham	Reed		
D'Amato	Roth			Harkin	Robb		
DeWine	Santorum			Hollings	Rockefeller		
Domenici	Sessions			Inouye	Sarbanes		
Enzi	Shelby			Kennedy	Torricelli		
Gorton	Smith, Bob			Kerrey	Wellstone		
Gramm	Smith, Gordon			Kerry	Wyden		
Grams	Stevens						
Grassley	Thomas						
Hagel	Thompson						
Hatch	Thurmond						
Hutchinson	Warner						

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

Those favoring the motion to table contended:

For the past decade our colleague from Arkansas has been loudly proclaiming to the Senate that the United States is giving away, for $5 an acre, tens of billions of dollars worth of gold and other precious minerals that are on Federal lands in the West and Alaska. We will miss his proclamations next year, for he is retiring from public service. Perhaps, in his free time, if he has $5 and a shovel, he too can get billions of dollars worth of free gold from the United States. Or, perhaps, there is more to mining than spending $5. For instance, if there is $1 billion worth of gold on a particular tract of Federal land, the value of that gold might just bear some relation to the costs of extracting it from millions of tons of rock; it might just have some relation to the costs of processing it; it might just bear some relation to the risks involved in spending hundreds of millions of dollars, and often more than one billion dollars, to open a mine only to find that the hoped-for deposits of minerals are not there; it might just bear some relation to the hundreds of thousands of dollars of costs and years of delay involved in proving to the Federal Government that enough evidence of minerals exists to warrant allowing the Government to "sell" public lands for $5 an acre.

Hardrock mining is extremely capital-intensive. Hundreds of millions of dollars are typically invested in each mine, and profits are often razor-thin if they exist at all. Currently, across the United States, mining companies are losing money because the prices for precious metals have fallen below the average costs of extracting them. Thousands of people have been laid off and many mines have had to shut down completely. In good years, when companies manage to make profits, they are taxed at a rate of 35 percent. In contrast, the auto industry pays only a 23-percent tax rate, and the chemical industry pays only a 19 percent tax rate. Last year, despite difficult circumstances, the Natural Mining Industry estimates that hardrock mining companies paid more than $600 million in Federal taxes. In addition to providing all of this tax revenue for politicians to spend, the hardrock mining industry provides huge benefits for American society. It directly employs 120,000 people, providing some of the best blue-collar wages in the world, and it contributes over $130 billion annually to the economy. The minerals that are extracted are absolutely essential to modern life. Every car contains approximately 15 different minerals, every television contains around 35, and ever telephone has around 40. The question is not whether there will be mining, but where that mining will be. Minerals can be found all around the world. In many countries, mining industries are heavily subsidized instead of hit with 35-percent tax rates. When countries have imposed excessive taxes (such as those advocated by this Bumpers amendment), they have destroyed their domestic industries as companies have moved to nations that allow them to operate profitably.

This particular Bumpers amendment would eliminate the percentage depletion allowance because, its sponsors say, it does not make any sense to allow a depletion allowance for minerals that have been "given" to mining companies. As we have already explained, though, the companies are not being "given" anything in any meaningful sense of the word. The Federal Government does not have billions of dollars worth of precious metals; it has precious metals buried deep beneath the earth in tons of rock that are worth billions of dollars minus billions of dollars in extraction costs. If a new Federal agency teeming with bureaucrats were created to mine those metals we guarantee it would cost considerably more than allowing private companies to assume the expense of extraction, plus once the minerals were extracted and sold by the Government, at much less than the costs of extraction, there would be no one around to hit with a 35-percent tax.

Since 1913, a depletion allowance for mineral extractions on Federal lands has been given based on the principle that oil, coal, hardrock mining, and similar companies are ongoing concerns. When the minerals being extracted by a company are depleted, capital expenditures must be made to start a new site or the company must go out of business. The depletion allowance is given as resources are depleted so companies can raise the capital to find new resources. This allowance is especially important for hardrock mining because of the huge capital expenses involved. If it were eliminated for mines on public lands, as our colleagues propose, the practical effect would be to raise the tax rate on mining companies on public lands to 42 percent. Those companies would then be less competitive than mines on State and private lands and would go out of business. Basically, this amendment would drive all mining off of Federal lands.

Without any mining, there would not be any new taxes collected. Our colleagues tell us that they would spend the money on disability education, but in the long run we expect that this amendment would lower total tax collections on mining. The spending, though, would still be authorized under the Bumpers amendment; if the revenues were not collected, the money would just come from the surplus that is being saved for Social Security instead. We are not talking about a huge amount of money--the total that the amendment would supposedly raise in new taxes over 5 years is just $312 million. In contrast, this resolution will add an extra $2.5 billion to disability education over the next 5 years. Unlike the Bumpers amendment, though, it would not raise taxes to provide that additional spending. Instead, it would cut lower priority spending. When Republicans took over Congress, the Federal Government was paying less than 7 percent of disability education costs. They have moved that number up to 9 percent so far, and they are committed to moving it up, within the budget and without new taxes, to the originally promised level of 40 percent.

We agree that some reforms of the mining industry should be made, and we have written such legislation. Unfortunately, those Senators who would rather destroy the industry than reform it have blocked our efforts because enacting reforms would end any chance they had of passing punitive new taxes on mining companies. The Bumpers amendment is just one more in a long series of proposals that have been made over the past 10 years to enact punitive new taxes. We urge our colleagues to table this amendment.

Those opposing the motion to table contended:

We have been bringing amendments to the floor for about a decade to get rid of the unjust tax breaks that are given to huge hardrock mining companies. Year after year, we have been defeated on those amendments. Everyone by now is very familiar with the situation. Huge, multimillion dollar companies, many of them foreign-owned, are given Federal lands that have billions of dollars worth of gold, platinum, silver, copper, and other precious metals on them for just $5 an acre. After they start mining for those metals, which they have been given essentially for free, they are allowed to take a percentage depletion allowance. That allowance just does not make any sense. Depletion allowances are supposed to be for assets that have been bought and are being used up, but the companies have not bought the minerals; they have been given them. How can you deplete a $0 expense? Basically, by giving this tax write-off, we are making the American taxpayers foot the bill for huge, rich mining companies. Making matters even worse, mining companies have caused extensive environmental pollution in the past. Given the current budget climate, and the current environmental awareness, we think that it is an outrage to make the American taxpayers give subsidies to giant, polluting companies.

This particular Bumpers amendment would only get rid of the depletion allowance. Companies could still get Federal lands for $5 per acre. The amendment would then use the revenue raised to increase the Federal Government's share of IDEA funding. Our hope is that this proposal will prove tempting to many of our Republican colleagues who have opposed mining reform proposals in the past. Many Republican Senators have fought vociferously against unfunded mandates on the States, and they have particularly complained that IDEA mandates are onerous and that the Federal Government has not paid its promised share of those mandates. Approving the Bumpers amendment would add an extra $311 million over 5 years, which would take a small but needed step to get the Federal Government up to its 40-percent IDEA commitment. We urge our colleagues to support this amendment.